

August 28, 2008

Candace Carlson
Contract Administrator
King Street Center, KSC-TR-0415
201 South Jackson Street
Seattle WA, 98104-3856



ERG

TRANSIT SYSTEMS

RE: Return of Change Order No. 35 - UW Card-Card Serial Number

Dear Candace,

Since the Agencies have chosen to remove compensation for all administrative hours for the performance of the work in Change Order No. 35 - UW Card-Card Serial Number, ERG is not equitably compensated for the work or the schedule impacts of performing this work. The work under this Change Order was not anticipated in the Contract or in the pricing of the Contract. It is new work that has increased ERG's cost of performance. As such, an equitable adjustment to the Contract price is required to be made per Contract Section 3.I-31.2.

ERG has protested the Agencies' dismissal of administrative costs for new work required in Change Orders No. 28 through 31. The issues for this Change Order are identical and ERG finds it unreasonable to be expected to incur the expense and time impact of raising the issues with the Dispute Review Board (DRB) again. Despite the decision of the DRB, which is not binding on either party (RFCS Contract, 3.I-34.7), being compensated for all work performed is critical to ERG and it will pursue all available options to defend and protect its right to be fully paid for the work it performs. Furthermore, ERG retains all rights to pursue all remedies available under the law.

ERG returns these Change Orders unsigned and in protest. This work has been sent to ERG under directive Change Orders and, therefore, ERG will proceed with the work as directed. However, this letter and commitment to perform the work in no way sets a precedent or bind ERG to perform any work in the future.

If you have any questions, please contact me at (925) 686-8210.

Sincerely yours,

John Winyard
Project Director

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REGIONAL FARE COORDINATION SYSTEM CHANGE ORDER NO. 35

CONTRACTOR: ERG Transit Systems (USA) Inc.
CONTRACT NUMBER: 229944

This Change Order to Contract #229944 ("Change Order") is executed as of 4/28/08, by and between ERG Transit Systems (USA) Inc, a California corporation and wholly owned subsidiary of ERG Limited, an Australian corporation, (hereinafter referred to as the "Contractor") and each of the following seven public transportation agencies (hereinafter referred to individually as an "Agency" or collectively as the "Agencies"):

1. Central Puget Sound Regional Transit Authority ("Sound Transit")
2. King County ("King County")
3. Kitsap County Public Transportation Benefit Area ("Kitsap Transit")
4. Pierce County Public Transportation Benefit Area ("Pierce Transit")
5. Snohomish County Public Transportation Benefit Area ("Community Transit")
6. City of Everett ("Everett")
7. State of Washington, acting through the Washington State Department of Transportation, Washington State Ferries Division ("WSF")

Background

- A. Effective April 29, 2003, each of the Agencies and the Contractor entered into Contract #229944 ("Contract") to implement a Regional Fare Coordination System ("RFC System") to establish a common fare system utilizing smart card technology. The Contractor is responsible for the development, implementation, operation and maintenance of the RFC System as specified in the Contract.
- B. The Agencies and the Contractor desire to execute this Change Order No. 35 and the attached Amendment No 31, to modify Division III Section 6.III -2.4.4 Fare Card Graphics and the Special Programs section of Exhibit 9, Price Schedule.

Changes

The Agencies and the Contractor hereby agree to the following changes to the Contract.

1.0 Division III Changes

Section 6.III-2.4.4 Fare Card Graphic Requirements, is hereby amended to modify as shown below.

2.4.4 Graphic Requirements

All issued fare cards shall conform to a common graphic standard that shall be finalized at the final design review. The Contractor shall propose a graphics scheme which is consistent with the Agency's identity program. The graphics standard shall be finalized at the final design review (DR 101.06) for Phase 2. At a minimum, the following elements shall be provided on the card:

- (a) The 8-digit portion of the unique Card Serial Number, which is the portion used for human interface to the System, will be physically printed on the front of the Standard card. This same serial number will be printed on the back of the Campus Card. The full electronic serial number shall be maintained on the card, per applicable ISO standards.
- (b) The serial number placement shall be in conformance with ISO 7811-3, as constrained by ISO 14443-1 such as the last line from top/first line from bottom is unavailable for embossing because of the antenna loop in the card.
- (c) Regional Fare Coordination Project logo.
- (d) Local Agency Customer Service Telephone Numbers shall be placed on the back of the card along with customer service related information.
- (e) Name of the Fare Card Program shall be imprinted on the front of the card.
- (f) An area for a cardholder photo shall be available for post production print, to use on Employer, Campus and/or RRFP cards.
- (g) An area for a company logo shall be available for post production print, for use with Employer and Campus cards.
- (h) Special Graphics shall be provided if the Agencies choose to issue "Collector Cards."

- (i) An area for a magnetic stripe shall be reserved for interfacing with automated teller machines (ATM).
- (j) Card Graphics shall use a minimum of four colors.
- (k) **Option** Signature Panel shall be provided on the back of the card to enable Cardholders to identify to whom the card belongs, or to differentiate one fare card from another.

2.0 Compensation Changes

This Change Order 35 shall give rise to no additional compensation except for the lump-sum amount of \$896, as specified in Amendment 32 which is attached hereto as "CO 35 Attachment A" and which the Parties agree, without further execution, hereby amends Exhibit 9 to the Contract, entitled "Price Schedule," by adding a Special Program to Section VI, "Implementation, Special Programs."

3.0 Other Terms and Conditions

Except as expressly amended by this Change Order, the Contract remains in full force and effect. All other provisions of the Contract not referenced in this Change Order No. 35 shall remain in effect unless modified in other executed Amendments and Change Orders.

IN WITNESS WHEREOF, the parties hereto have executed this Change Order No. 35 to Contract #229944 as of the date set forth below its signature.

ERG Transit Systems (USA) Inc.

The Agencies

By: _____

Its: _____

Date: _____

By: _____

Their: _____

On behalf of the Agencies

Date: _____

Candace Carlson
Contract Administrator
4/28/08

Change Order No. 35 - Attachment A

Amendment 32 to the Contract for the Design, Implementation, Operation and Maintenance of the Regional Fare Coordination System

This Amendment 32 to the Contract for the Design, Implementation, Operation and Maintenance of the Regional Fare Coordination System is entered into this 28th day of April, 2008, by and between ERG Transit Systems (USA) Inc, a California corporation and wholly owned subsidiary of ERG Limited, an Australian corporation, (hereinafter referred to as the "Contractor") and each of the following seven public transportation agencies (hereinafter referred to individually as an "Agency" or collectively as the "Agencies"):

1. Central Puget Sound Regional Transit Authority ("Sound Transit")
2. King County ("King County")
3. Kitsap County Public Transportation Benefit Area ("Kitsap Transit")
4. Pierce County Public Transportation Benefit Area ("Pierce Transit")
5. Snohomish County Public Transportation Benefit Area ("Community Transit")
6. City of Everett ("Everett")
7. State of Washington, acting through the Washington State Department of Transportation, Washington State Ferries Division ("WSF")

Recitals

- A. Effective April 29, 2003, each of the Agencies and the Contractor entered into Contract #229944 ("Contract") to implement a Regional Fare Coordination System ("RFC System") to establish a common fare system utilizing smart card technology. The Contractor is responsible for the development, implementation, operation and maintenance of the RFC System as specified in the Contract.
- B. The Agencies and the Contractor desire to amend Section VI of Exhibit 9, Price Schedule, in connection with the Work described in Change Order 35 to which this is attached.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the Parties hereby agree to amend the Contract as follows:

Section 1.0 Section VI (Implementation) of Exhibit 9, Price Schedule, is hereby amended to read as follows:

VI. IMPLEMENTATION

SPECIAL PROGRAMS

| |
|--------------------------|
| LUMP SUM COST |
|--------------------------|

Original Contract

| | |
|-----------------------|-----------------|
| A. PARATRANSIT | \$70,476 |
| B. VANPOOL | \$70,476 |

Change Order No. 1

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|--|-----------------|
| A. KCM RCU Conceptual Design (Not to Exceed plus reimbursable travel expenses) | \$26,795 |
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Change Order No. 11

| | |
|-------------------------------|------------------|
| WSF GAK Implementation | \$241,584 |
|-------------------------------|------------------|

Change Order No. 15

| | |
|-------------------------------------|-----------------|
| WSF Gate & POS Simulator | \$24,614 |
|-------------------------------------|-----------------|

Change Order No. 16

| | |
|---|------------------|
| KT PFTP Implementation | |
| 1. Phase 1 FDR through Beta Test Readiness | \$79,698 |
| 2. Phase 2 After Beta Test Readiness | \$46,683 |
| TOTAL IMPLEMENTATION: | \$126,381 |

Change Order No. 18

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|--|-----------------|
| KCM DDU Functionality when ARI enters Init Mode | \$10,985 |
|--|-----------------|

Change Order No. 19

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|---|----------------|
| KCM DDU Auto Logoff and Power Down | \$7,054 |
|---|----------------|

Change Order No. 20

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|-----------------------------|-----------------|
| Beta Card Production | \$20,000 |
|-----------------------------|-----------------|

Change Order No. 25

| | |
|---|----------------|
| CST Monitors for Beta Test Developmental Units 5 CSTs @ \$800 each | \$4,000 |
|---|----------------|

Change Order No. 29

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|--|----------------|
| Addition of Cardholder Website content to Call Center & Walk-in Center training courses and materials | \$3,675 |
|--|----------------|

Change Order No. 30

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|---|----------------|
| Revise card graphics to include 8-digit Card Serial Number on the card | \$2,072 |
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Change Order No. 31

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|---|----------------|
| CST Functionality to override card printing requirements | \$6,637 |
|---|----------------|

Change Order No. 34

| | |
|---|-----------------|
| Cardholder Website change to perform certain functions (items #9 through 13) in Figure II-1.1 for both Registered and Unregistered Cards | \$33,067 |
|---|-----------------|

Change Order No. 35

| | |
|---|--------------|
| UW Card serial number placement on back of Campus Card | \$896 |
|---|--------------|